

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

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R 291010Z NOV 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5457

INFO A EMBASSY COLOMBO 2481

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHAMNDU

AEMBASSY LONDON 3156

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 15953

E.O. 11652: GDS

TAGS: PFOR, ETRD, IN, PK

SUBJECT: INDO-PAK TRADE TALKS

1. ABDUL SATTAR OF THE PAKISTAN TRADE DELEGATION CURRENTLY VISITING NEW DELHI TODL POL CONSELOR NOVEMBER 28 THAT ALTHOUGH THE DELEGATION WAS NOT LEAVING UNTIL DECEMBER 1, ALL THE DISCUSSIONS HAD GONE SMOOTHLY AND A FINAL COMMUNIQUE HAD BEEN COMPLETED AND WOULD BE SIGNED ON NOVEMBER 30.

2. BOTH SIDES WILL ANNOUNCE THE END TO THE TRADE EMBARGO BETWEEN INDIA AND PAKISTAN; TRADE WILL, AT LEAST IN THE BEGINNING, BE LIMITED TO STATE TRADING ORGANIZATIONS; THE TRADE WILL BE IN CONVERTIBLE CURRENCIES (STERLING FOR INDIA, CONFIDENTIAL

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DOLLARS FOR PAKISTAN); AND FOLLOW-UP TECHNICAL DISCUSSIONS

WILL BE HELD IN JANUARY TO WORK OUT SPECIFIC SALES AGREEMENTS. SATTAR SAID THAT THE MAIN ITEMS THE INDIANS ARE INTERESTED IN ARE COTTON AND COARSE RICE. PAKISTAN IS PRIMARILY INTERESTED IN INDIAN JUTE AND SOME LIGHT MACHINERY. THE COMMUNIQUE WILL ALSO MENTION IRON ORE AS A POSSIBLE PAKISTANI IMPORT FROM INDIA. SATTAR SAID THIS WAS INSERTED AT INDIAN SUGGESTION BUT THAT, IN FACT, PAKISTAN WOULD PROBABLY NOT BE INTERESTED IN INDIAN IRON ORE FOR ANOTHER FOUR TO FIVE YEARS. SATTAR SAID PROSPECTS FOR SELLING SUI GAS FROM PAKISTAN TO INDIA WERE DIM. PAKISTAN, HE SAID, DERIVED 25 PERCENT OF ITS ENERGY FROM ITS GAS AND ONLY HAD 40 YEARS' RESERVES. UNDER THESE CIRCUMSTANCES, IT WAS NOT PRACTICABLE TO CONSIDER GAS SALES TO INDIA.

3. ON AVIATION TALKS, SATTAR SAID INDIAN FOREIGN SECRETARY KEWAL SINGH HAD TOLD HIM AT TEA NOVEMBER 28 THAT IT WAS PREFERABLE NOT TO FIX A PRECISE TIME FOR THE NEXT MEETING TO RESOLVE OUTSTANDING DIFFERENCES ON OVERFLIGHTS AND THE 1971 HIJACKING CASE BEFORE ICAO. IT WOULD BE BEST FOR EACH SIDE TO CONTINUE TO WORK TO FIND A VIABLE SOLUTION AND TO BE IN TOUCH WITH THE OTHER WHEN IT FELT IT HAD EVOLVED A POSITION FROM WHICH AGREEMENT COULD BE REACHED. SATTAR SAID THE MAIN PROBLEM STILL REVOLVED AROUND THE INTERPRETATION OF "BILATERALISM" WITH INDIA, ARGUING THAT THIS MEANT THE TWO SIDES SHOULD RESOLVE THEIR DIFFERENCES BETWEEN THEMSELVES WITHOUT GOING TO THIRD PARTIES, LIKE ICAO, AND THEREFORE PAKISTAN--TO SHOW ITS GOOD FAITH--SHOULD WITHDRAW ITS ICAO CASE BEFORE DISCUSSIONS ON AVIATION WENT FORWARD. HE THOUGHT SOME COMPROMISE MIGHT BE FOUND, SUCH AS PAKISTAN COMMITTING ITSELF TO LEAVE THE ICAO CASE SUSPENDED. NEITHER INDIA NOR PAKISTAN, HOWEVER, WAS GOING TO MAKE EVERYTHING HINGE ON WHETHER AN AGREEMENT WAS REACHED IN THE NEAR FUTURE, AND THE ABSENCE OF AN AGREEMENT WOULD SIMPLY MEAN BOTH PIA AND AIR INDIA WOULD CONTINUE TO LOSE MONEY.

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